

1 **TITLE IV—UNITARY SAVINGS**
2 **AND LOAN HOLDING COMPA-**
3 **NIES**

4 **SEC. 401. PREVENTION OF CREATION OF NEW S&L HOLD-**
5 **ING COMPANIES WITH COMMERCIAL AFFILI-**
6 **ATES.—**

7 (a) AMENDMENT TO HOME OWNERS' LOAN ACT.—

8 Section 10(c) of the Home Owners' Loan Act (12 U.S.C.
9 1467a(c)) is amended by adding at the end the following
10 new paragraph:

11 “(9) PREVENTION OF NEW AFFILIATIONS BE-
12 TWEEN S&L HOLDING COMPANIES AND COMMERCIAL
13 FIRMS.—

14 “(A) IN GENERAL.—Notwithstanding para-
15 graph (3), no company may directly or indi-
16 rectly, including through any merger, consolida-
17 tion, or other type of business combination, ac-
18 quire control of a savings association after May
19 27, 1999, unless the company is engaged, di-
20 rectly or indirectly (including through a sub-
21 sidiary other than a savings association), only
22 in activities that are permitted—

23 “(i) under paragraphs (1)(C) or (2);

24 or

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1 “(ii) for financial holding companies
2 under section 6(c) of the Bank Holding
3 Company Act of 1956.

4 “(B) PREVENTION OF NEW COMMERCIAL
5 AFFILIATIONS.—Notwithstanding paragraph
6 (3), no savings and loan holding company may
7 engage directly or indirectly (including through
8 a subsidiary other than a savings association)
9 in any activity other than as described in
10 clauses (i) and (ii) of subparagraph (A).

11 “(C) PRESERVATION OF AUTHORITY OF
12 EXISTING UNITARY S&L HOLDING COMPA-
13 NIES.—Subparagraphs (A) and (B) shall not
14 apply with respect to any company that was a
15 savings and loan holding company on May 27,
16 1999, or that becomes a savings and loan hold-
17 ing company pursuant to an application pend-
18 ing before the Office of Thrift Supervision on or
19 before that date, and that—

20 “(i) meets and continues to meet the
21 requirements of paragraph (3); and

22 “(ii) continues to control not fewer
23 than 1 savings association that it con-
24 trolled on May 27, 1999, or that it ac-
25 quired pursuant to an application pending

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1 before the Office of Thrift Supervision on
2 or before that date, or the successor to
3 such savings association.

4 “(D) CORPORATE REORGANIZATIONS PER-
5 MITTED.—This paragraph does not prevent a
6 transaction—

7 “(i) that involves solely a company
8 under common control with a savings and
9 loan holding company from acquiring, di-
10 rectly or indirectly, control of the savings
11 and loan holding company or any savings
12 association that is already a subsidiary of
13 the savings and loan holding company; or

14 “(ii) that involves solely a merger,
15 consolidation, or other type of business
16 combination as a result of which a com-
17 pany under common control with the sav-
18 ings and loan holding company acquires,
19 directly or indirectly, control of the savings
20 and loan holding company or any savings
21 association that is already a subsidiary of
22 the savings and loan holding company.

23 “(E) AUTHORITY TO PREVENT EVA-
24 SIONS.—The Director may issue interpreta-
25 tions, regulations, or orders that the Director

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1 deems necessary to administer and carry out
2 the purpose and prevent evasions of this para-
3 graph, including a determination that, notwith-
4 standing the form of a transaction, the trans-
5 action would in substance result in a company
6 acquiring control of a savings association.

7 “(F) PRESERVATION OF AUTHORITY FOR
8 FAMILY TRUSTS.—Subparagraphs (A) and (B)
9 shall not apply with respect to any trust that
10 becomes a savings and loan holding company
11 with respect to a savings association, if—

12 “(i) not less than 85 percent of the
13 beneficial ownership interests in the trust
14 are continuously owned, directly or indi-
15 rectly, by or for the benefit of members of
16 the same family, or their spouses, who are
17 lineal descendants of common ancestors
18 who controlled, directly or indirectly, such
19 savings association on May 27, 1999, or a
20 subsequent date pursuant to an application
21 pending before the Office of Thrift Super-
22 vision on or before May 27, 1999; and

23 “(ii) at the time at which such trust
24 becomes a savings and loan holding com-
25 pany, such ancestors or lineal descendants,

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1 or spouses of such descendants, have di-
2 rectly or indirectly controlled the savings
3 association continuously since May 27,
4 1999, or a subsequent date pursuant to an
5 applications pending before the Office of
6 Thrift Supervision on or before May 27,
7 1999.”.

8 (b) CONFORMING AMENDMENT.—Section 10(o)(5) of
9 the Home Owners’ Loan Act (15 U.S.C. 1467a(o)(5)) is
10 amended—

11 (1) in subparagraph (E), by striking “, except
12 subparagraph (B)”;

13 (2) by adding at the end the following new sub-
14 paragraph:

15 “(F) In the case of a mutual holding com-
16 pany which is a savings and loan holding com-
17 pany described in subsection (c)(3), engaging in
18 the activities permitted under subsection
19 (c)(9)(A)(ii).”.

20 (c) GAO STUDY OF AFFILIATION OF SAVINGS ASSO-
21 CIATIONS WITH COMMERCIAL COMPANIES AND S&L
22 HOLDING COMPANY REGULATION.—

23 (1) IN GENERAL.—The Comptroller General
24 shall conduct a study of—

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1 (A) the effect of permitting the affiliation
2 of savings associations with commercial compa-
3 nies, including—

4 (i) competitive effects as between—

5 (I) commercial companies that
6 are not permitted to affiliate with de-
7 pository institutions and ones that
8 have a savings association affiliate;
9 and

10 (II) savings associations that do
11 not have a commercial affiliate and
12 ones who do; and

13 (ii) conflicts of interest; and

14 (B) the diligence and effectiveness of the
15 Director of the Office of Thrift Supervision in
16 examining and regulating savings and loan
17 holding companies, generally, and savings and
18 loan holding companies which are a commercial
19 company or have a commercial affiliate, in par-
20 ticular.

21 (2) REPORT.—Before the end of the 1-year pe-
22 riod beginning on the date of the enactment of this
23 Act, the Comptroller General shall submit a report
24 to the Congress containing the findings and conclu-
25 sions of the Comptroller General with respect to the

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1 study required under paragraph (1), together with
2 such recommendations for administrative and legis-
3 lative action as the Comptroller General may deter-
4 mine to be appropriate.

5 **SEC. 402. RETENTION OF “FEDERAL” IN NAME OF CON-**
6 **VERTED FEDERAL SAVINGS ASSOCIATION.**

7 Section 2 of the Act entitled “An Act to enable na-
8 tional banking associations to increase their capital stock
9 and to change their names or locations”, approved May
10 1, 1886 (12 U.S.C. 30), is amended by adding at the end
11 the following new subsection:

12 “(d) RETENTION OF ‘FEDERAL’ IN NAME OF CON-
13 VERTED FEDERAL SAVINGS ASSOCIATION.—

14 “(1) IN GENERAL.—Notwithstanding subsection
15 (a) or any other provision of law, any depository in-
16 stitution the charter of which is converted from that
17 of a Federal savings association to a national bank
18 or a State bank after the date of the enactment of
19 the Financial Services Act of 1999 may retain the
20 term ‘Federal’ in the name of such institution if
21 such depository institution remains an insured de-
22 pository institution.

23 “(2) DEFINITIONS.—For purposes of this sub-
24 section, the terms ‘depository institution’, ‘insured
25 depository institution’, ‘national bank’, and ‘State

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- 1 bank' have the same meanings as in section 3 of the
- 2 Federal Deposit Insurance Act.”.